

## Message Text

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PAGE 01 NEW DE 01375 281907Z

46

ACTION NEA-13

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

AGR-20 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

PA-04 PRS-01 USIA-15 NIC-01 EUR-25 SIL-01 LAB-06

DRC-01 CU-04 IO-14 /207 W  
----- 112694

R 281603Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9321

LIMITED OFFICIAL USE NEW DELHI 1375

FOL REPEATED FOR YOUR INFO

QTE

O R 280930Z JAN 74

FM AMCONSUL BOMBAY

TO RUSBAE/AMEMBASSY NEW DELHI IMMEDIATE 8631

INFO RUSBTA/AMCONSUL CALCUTTA 1537

RUSBAS/AMCONSUL MADRAS 1573

C O N F I D E N T I A L

LIMITED OFFICIAL USE BOMBAY 0220

E.O. 11652: N/A

TAGS: PINT EAGR

SUBJ: CURRENT FOOD SITUATION AND ITS POLITICAL IMPLICATIONS

REF NEW DELHI 5463

1. WIDESPREAD AND ACUTE SHORTAGES FOODGRAINS, EDIBLE OILS AND  
OTHER ESSENTIAL COMMODITIES, COUPLED WITH STEADILY AND SHARPLY  
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PAGE 02 NEW DE 01375 281907Z

RISING PRICE LEVELS HAVE BEEN MAJOR CAUSE OF CURRENT UNREST

IN GUJARAT AND MOTIVATING FORCE FOR HIGHLY SUCCESSFUL MAHARASHTRA BANDH JAN 2, PM'S BEING DRIVEN OFF SPEAKER'S PLATFORM AT NAGPUR SAME DAY AND SHATTERING CONGRESS DEFEAT IN 4 MAHARASHTRA BY-ELECTIONS JAN 13. DESPITE EXCELLENCE PAST MONSOON AND BUMPER CROP THEREAFTER, FOOD SITUATION IN THIS CONSULAR DISTRICT--PARTICULARLY GUJARAT AND MAHARASHTRA--HAS STEADILY DETERIORATED. FAILURE STATE GOVERNMENT PROCUREMENT, PARTICULARLY GUJARAT, REDUCED ALLOCATIONS FROM CENTER, AND RISING PRICES HAVE ALL COMBINED TO CREATE SITUATION ARTIFICIAL FOOD SCARCITY IN WHICH GUJARAT HAS BEEN TORN WITH FOOD RIOTS AND VIOLENCE OVER PAST THREE WEEKS WITH NO END IN SIGHT AND THE POTENTIAL FOR SIMILAR DISTURBANCES OCCURRING MAHARASHTRA SIMMERS BELOW THE SURFACE.

2. ADMINISTRATIVE CORRUPTION, HOARDING AND BLACK MARKETING HAVE ALL BECOME COMMONPLACE AS A RESULT OF BANKRUPT GOVERNMENT FOODGRAINS POLICIES. THE GOVERNMENTAL APPARATUS AT THE STATE LEVEL HAS BEEN UNABLE THUS FAR TO SUPPLY SUFFICIENT QUANTITIES OF FOODGRAINS TO FAIR PRICE SHOPS AND PEOPLE HAVE BEEN FORCED TO RESORT TO OPEN OR BLACK MARKET WHERE PRICES CONSIDERABLY HIGHER AND RISING. THE CENTER FOR ITS PART HAS FAILED TO CLOSE THE GAP BETWEEN QUANTITIES PROCURED BY THE STATES AND THEIR REQUIREMENTS. TREND OF PRICES UPWARD AT ONSET OF BUSY AGRICULTURAL MARKETING SEASON COMPLETELY UNEXPECTED AND HAS CREATED DEEP POPULAR RESENTMENT AND ANGER REFLECTED IN MORCHAS, BANDHS, STRIKES, AND MORE RECENTLY IN WIDESPREAD VIOLENCE OVER PAST THREE WEEKS IN GUJARAT. A SIMILAR SITUATION COULD DEVELOP IN BOMBAY AND MAHARASHTRA IN THE WEEKS AHEAD.

3. IN DESPERATION GUJARAT GOVT HAS ALREADY RESTORED WHOLESALE WHEAT TRADE TO PRIVATE SECTOR IN EFFORT STIMULATE MOVEMENT FOODGRAIN TO MARKET AND NOW PERMITS WHEAT TRANSACTIONS BETWEEN LICENSED DEALERS. MAHARASHTRA HAS RELAXED SOME RESTRICTIONS ON MOVEMENT OF FOODGRAINS WITHIN STATE AND THE QUANTITY OF GRAIN INDIVIDUALS CAN BRING INTO STATE INCREASED TO 10 KILOS. THOUGH THIS MIGHT ENCOURAGE SMUGGLERS FROM SURPLUS STATES AND BE AN INDUCEMENT FOR PRODUCERS TO SELL AT THE BEST AVAILABLE PRICE, COULD ALSO BRING SOME RELIEF TO BOMBAY, RELAXATION BY GOI OF INTER-STATE MOVEMENT OF COURSE GRAINS SHOULD ALSO HELP. LIMITED OFFICIAL USE

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PAGE 03 NEW DE 01375 281907Z

4. LARGER FARMERS BY AND LARGE HAVE REFUSED TO COOPERATE WITH STATE GOVTS AND ARE SELLING MARKETABLE SURPLUS IN BLACK MARKET. STATE GOVERNMENTS APPEAR UNWILLING FORCE THESE FARMERS TO COOPERATE, SINCE MANY OF THEM ARE PARTY ACTIVISTS. OBVIOUSLY CONGRESS DOES NOT WANT TO ALIENATE ITS RICH FARMER-BASED SUPPORT STRUCTURE. WHILE CROPS HAVE BEEN GOOD, INSURING KULAKS/PEASANTS OF FOOD AND INCOME

LANDLESS FARM LABORERS AND OTHERS ARE STILL AT MERCY OF  
FAIR PRICE SHOPS AND LIKELY TO CONTINUE SUFFERING DURING COMING  
MONTHS. WHILE A GOOD MONSOON CAN INSURE A GOOD CROP  
IT DOES NOT INSURE PROCUREMENT OR EQUITABLE DISTRIBUTION  
OF THAT CROP.

5. STATE GOVTS HERE SEEM UNWILLING OR UNABLE IMPLEMENT  
FOODGRAIN PROCUREMENTS PROGRAMS. RAMPANT CORRUPTION AND LACK  
OF COMMITMENT IN POLITICAL/ADMINISTRATIVE LEADERSHIP TO STATE  
TAKEOVER GRAIN TRADE HAVE DEFEATED GOI FOOD POLICY, FORCING  
LIBERALIZATIONS IN GUJARAT AND MAHARSHTRA REFERRED TO ABOVE.  
THIS LIBERALIZATION COULD LEAD TO LOSS OF FAITH IN SOCIALISTIC  
FOOD POLICY, PARTICULARLY IN GOVERNMENTAL TAKEOVER OF FOODGRAINS  
TRADE.

6. OPPOSITION PARTIES ARE EXPLOITING AND CAN BE EXPECTED TO  
EXPLOIT THE CURRENT FOOD SITUATION AND ARE STRENGTHENING THEIR  
POSITION VISA-VIS THE CONGRESS. THE OPPOSITION PARTIES IN  
THE THREE STATES WHICH COMPRISE THIS CONSULAR DISTRICT HOWEVER  
ARE WEAK, DIVIDED AND NEGLIBILE IN SIZE BY CONTRAST WITH  
THE OVERWHELMING CONGRESS MAJORITIES FOUND IN THEM, AND THEY  
ARE ONLY ONE ELEMENT IN A MUCH LARGER PICTURE. THE STUDENTS  
ARE TAKING A PROMINENT ROLE IN THE UNREST IN GUJARAT AND THE  
LEFTIST TRADE UNIONS IN BOMBAY ARE TAKEING THE LEAD IN REFLECTING  
POPULAR DISSENT. THE POINT IS THAT PEOPLE RANGING ACROSS THE  
ENTIRE SPECTRUM ARE INCREASINGLY DISILLUSIONED AND DISENCHANGED  
WITH THE CONGRESS PARTY AND GOVT AND ITS INABILITY TO DEAL  
EFFECTIVELY WITH THE CRISIS. THE POORER STRATUM OF SOCIETY  
WANT ADEQUATE FOOD SUPPLIES AT REASONABLE COST AND IT  
INCREASINGLY APPEARS THAT THEY ARE NO LONGER WILLING ACCEPT  
PLATITUDES OR EXCUSES IN LIEU OF SATISFACTION OF THEIR DEMANDS.  
GIVEN THE CHOICE OF TIGHTENING THEIR BELTS OR TAKING TO THE  
STREETS, IT APPEARS THAT THEY MAY CONTINUE TO DO THE LATTER.  
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PAGE 04 NEW DE 01375 281907Z

IN THE MEANWHILE THE CONGRESS BASTION OR HEARTLAND OF WESTERN  
INDIA HAS BEEN BADLY BREACHED AND CONGRESS POLITICIANS ARE  
ALREADY BEGINNING TO ABANDON SHIP.  
BANE UNQTE  
SCHNEIDER

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## Message Attributes

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